



California Fair Political Practices Commission

April 10, 1987

Raymond J. Gaskill
Senior Legal Counsel
American Savings & Loan Association
P. O. Box 19689
Irvine, CA 92713-9689

Re: Your Request for Advice
Our File No. A-87-082

Dear Mr. Gaskill:

This is in response to your request for advice concerning the campaign disclosure provisions of the Political Reform Act.^{1/}

FACTS

In May 1986, the Committee to Elect Harriet Wieder borrowed \$12,000 from American Savings & Loan Association which was secured by the Committee's \$100,000 certificate of deposit. The loan, plus interest, was repaid upon maturity of the certificate. This type of loan is a standard business transaction between a commercial lending institution and its customers.

QUESTION

Was American Savings & Loan Association required to disclose the loan as a contribution on its major donor reports (Form 461) for 1986?

CONCLUSION

A loan made by a commercial lending institution in the ordinary course of business is not a contribution and, therefore, is not required to be reported by the lending institution.

ANALYSIS

The Act requires persons or combinations of persons who contribute \$10,000 or more in a calendar year to state and local

^{1/}Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise noted. Commission regulations appear at 2 California Administrative Code Section 18000 et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

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capdicates and committees to file campaign disclosure reports. (Sections 82013(c), 84200-84216.5.) In Section 84216, the Act states that:

... a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business, or it is clear from the surrounding circumstances that it is not made for political purposes.

Because the loan made to the Committee to Elect Harriet Wieder was made in the ordinary course of business and was not made for political purposes, American Savings & Loan Association did not make a contribution to the Committee and, therefore, had no obligation to report the loan on its major donor reports (Form 461) for 1986.

If you have additional questions, please do not hesitate to contact me at (916) 322-5662.

Sincerely,

Diane M. Griffiths
General Counsel

By

Carla Wardlow

Carla Wardlow
Political Reform Consultant



**AMERICAN SAVINGS
AND LOAN ASSOCIATION**

Raymond J. Gaskill
Executive Vice President
Senior Legal Counsel

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FAIR POLITICAL PRACTICES COMMISSION
State of California
428 J Street
Sacramento, California 95814

Attention: Carla Wardlow

Gentlemen:


Confirming our telephone call to your offices today, we request written confirmation from you concerning the reporting requirements in connection with a particular transaction.

The Committee to Re-elect Harriet Wieder (Orange County Supervisor), held a \$100,000.00 Certificate of Deposit in our Huntington Beach Branch. In May, 1986 certain campaign expenses were due by the Committee, however, the Certificate of Deposit did not mature until a later date. Rather than suffer loss of interest and pay an early withdrawal penalty, the Committee determined to take out a loan from American Savings secured by the Certificate of Deposit, for the sum of \$12,000.00. The loan was repaid upon maturity of the CD, together with the interest due. This type of loan is customary business for a savings and loan association.

This loan was not reported by the Association, inasmuch as we did not feel we were making a loan to a political candidate, but that the candidate was merely borrowing her own money. However, we feel that written confirmation or denial of that decision by the Fair Political Practices Commission would be preferred.

Your attention to this matter would certainly be appreciated.

Very truly yours,


RAYMOND J. GASKILL
Senior Legal Counsel

RJG/st
cc: Neil Stolz